

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 17A.3 and 423.25, the Department of Revenue hereby amends Chapter 18, “Taxable and Exempt Sales Determined by Method of Transaction or Usage,” and Chapter 26, “Sales and Use Tax on Services,” and adopts new Chapter 224, “Telecommunication Services,” Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXIV, No. 3, p. 162, on August 10, 2011, as **ARC 9675B**.

These rules are amended to cross reference new 701—Chapter 224, to strike language referencing “one-way paging service” in rule 701—26.43(422), and to adopt new 701—Chapter 224. The new chapter is based upon current rule 701—18.20(422,423) and serves to explain a specific subset of taxable services, communications and telecommunications, identified in Iowa Code section 423.2.

There are two differences between rule 701—18.20(422,423) and the new chapter. First, the Department has added clarifying language required for compliance with the Streamlined Sales Tax Governing Board Agreement. This change reflects clarification made in 2011 Iowa Acts, Senate File 515, section 5.

Second, the rules implement Iowa Code chapter 423, otherwise known as the Streamlined Sales and Use Tax Act. The Streamlined Sales and Use Tax Act was adopted to enable Iowa’s participation in the Streamlined Sales Tax Governing Board. The Streamlined Sales Tax project is a compact of states and businesses working together to simplify and standardize laws and rules relating to sales tax. The ultimate goal of the project is to facilitate and enable remote collection of sales tax. As part of the Department’s revision of the telecommunication service rules to reflect the Streamlined Sales Tax, obsolete references and provisions have been omitted. The new rules use the term “telecommunication service” rather than “communication service.”

These amendments are identical to those published under Notice of Intended Action.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code chapter 423 as amended by 2011 Iowa Acts, Senate File 515.

These amendments will become effective November 23, 2011, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

EDITOR’S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [18.20, 26.43, Ch 224] is being omitted. These amendments are identical to those published under Notice as **ARC 9675B**, IAB 8/10/11.

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[For replacement pages for IAC, see IAC Supplement 10/19/11.]